

PROVIDENCE WATER SUPPLY BOARD

Summary of Revenues and Expenses at  
Present and Proposed Rates  
Rate Year Ended December 31, 2003

	Rate Year Amount Per PWSB	Division Adjustments	Rate Year at Present Rates	Allowable Rate Increase	Rate Year at Proposed Rates
<b><u>Revenue</u></b>					
Retail Water Sales	\$ 25,129,319	\$ 1	\$ 25,129,320	\$ 2,272,603	\$ 27,401,923
Wholesale Water Sales	10,392,962	366,070	10,759,032	973,007	11,732,040
Retail Service Charges	3,141,881	4,864	3,146,745	284,580	3,431,325
Private Fire Protection	960,589	349	960,938	86,904	1,047,842
Public Fire Protection	1,086,200	6,614	1,092,814	98,830	1,191,644
Miscellaneous	1,241,571	-	1,241,571	-	1,241,571
Total Revenue	\$ 41,952,522	\$ 377,897	\$ 42,330,419	\$ 3,715,924	\$ 46,046,343
<b><u>Expenses</u></b>					
Operation & Maintenance	22,057,080	(1,205,850)	20,851,230	-	20,851,230
City Service Expense	806,769	-	806,769	-	806,769
Property Taxes	5,700,043	(129,102)	5,570,941	-	5,570,941
Capitalized Labor	905,264	-	905,264	-	905,264
Net Operations	\$ 29,469,156	\$ (1,334,952)	\$ 28,134,204	\$ -	\$ 28,134,204
Capital Improvements	2,450,000	-	2,450,000		2,450,000
Western Cranston Fund	150,000	-	150,000		150,000
Infrastructure Replacement	12,500,000	-	12,500,000	-	12,500,000
Wholesale 102" Valves	500,000	-	500,000	-	500,000
Alternative Source of Supply	150,000	-	150,000	-	150,000
Meter Replacement	400,000	-	400,000	-	400,000
Equipment Replacement	1,100,000	-	1,100,000	-	1,100,000
Net Restricted	\$ 17,250,000	\$ -	\$ 17,250,000	\$ -	\$ 17,250,000
Total Expenses	\$ 46,719,156	\$ (1,334,952)	\$ 45,384,204	\$ -	\$ 45,384,204
Operating Reserve	682,164	(20,024)	662,139	-	662,139
Total Cost of Service	\$ 47,401,320	\$ (1,354,976)	\$ 46,046,343	\$ -	\$ 46,046,343
Revenue Surplus/(Deficiency)	\$ (5,448,798)	\$ 1,732,874	\$ (3,715,924)	\$ 3,715,924	\$ -

PROVIDENCE WATER SUPPLY BOARD

Summary of Division Adjustments to  
Rate Year Revenues and Expenses at Present Rates  
Rate Year Ending December 31, 2003

Description	Amount	Source
Water and Fire Service Revenue	\$ 377,897	Schedule TSC-3
Total Revenue Adjustments	\$ 377,897	
Operating Reserve	(20,024)	Refer to Testimony
Employee Cost Increases	(231,970)	Schedule TSC-4
Pension Expense	(480,595)	Schedule TSC-5
Employee Benefits	(26,632)	Schedule TSC-6
IFR/CIP Engineers	(205,275)	Schedule TSC-7
Rate Case Expense Amortization	(30,000)	Schedule TSC-8
Chemical Cost Normalization	(108,805)	Schedule TSC-9
State License Expense	(25,000)	Schedule TSC-10
Computer Maintenance	(97,573)	Schedule TSC-11
Property Tax Expense	(129,102)	Schedule TSC-12
Total Expense Adjustments	\$ (1,354,976)	
Total Revenue Requirement Effect of Division Adjustments at Present Rates	<u>\$ (1,732,874)</u>	

PROVIDENCE WATER SUPPLY BOARD

Adjustment to Revenues to Reflect  
Rate Year Billing Units at Present Rates  
Rate Year Ending December 31, 2003

Billing Unit	Units of Service	Unit Rate	Annual Revenue	
<b><u>Quarterly Service Charges</u></b>				
5/8"	53,539	\$ 10.00	\$ 2,141,560	
3/4"	9,157	\$ 10.71	392,286	
1"	5,062	\$ 12.57	254,517	
1.5"	1,483	\$ 15.05	89,277	
2"	1,956	\$ 21.88	171,189	
3"	32	\$ 72.16	9,236	
4"	43	\$ 90.79	15,616	
6"	82	\$ 134.24	44,031	
8"	33	\$ 183.90	24,275	
10"	4	\$ 228.91	3,663	
12"	1	\$ 273.92	1,096	
total	71,392		\$ 3,146,745	\$ 3,141,881
<b><u>Retail Consumption Charges</u></b>				
Residential (HCF)	10,155,307	\$ 1.61	16,350,044	16,350,045
Commercial (HCF)	4,770,757	\$ 1.54	7,346,966	7,346,965
Industrial (HCF)	954,873	\$ 1.50	1,432,310	1,432,309
Total	15,880,937		\$ 25,129,320	\$ 25,129,319
<b><u>Wholesale Consumption Charges</u></b>				
Consumption (HCF)	14,144,376	\$ 0.76066	\$ 10,759,032	\$ 10,392,962
<b><u>Private Fire Service Charges</u></b>				
3/4"	9	\$ 10.77	388	
1.5"	14	\$ 14.26	799	
1"	2	\$ 23.00	184	
2"	23	\$ 33.48	3,080	
4"	227	\$ 92.87	84,326	
6"	976	\$ 180.22	703,579	
8"	133	\$ 285.03	151,636	
10"	1	\$ 407.30	1,629	
12"	7	\$ 547.05	15,317	
Total	1,392		\$ 960,938	\$ 960,589
<b><u>Public Fire Service Charges</u></b>				
Hydrants	5,783	\$ 188.97	\$ 1,092,814	\$ 1,086,200
<b>Total Revenue</b>			\$ 41,088,848	\$ 40,710,951
<b>Amount Per PWSB</b>			\$ 40,710,951	
<b>Adjustment to Revenue</b>			\$ 377,897	

PROVIDENCE WATER SUPPLY BOARD

Calculation of Rate Year Sales Volumes Based on  
Average Sales over Period FY 1999 through FY 2002  
Rate Year Ending December 31, 2003  
(Volumes in HCF)

	<u>FY 1999</u>	<u>FY 2000</u>	<u>FY 2001</u>	<u>FY2002</u>	<u>Four Year Average</u>	<u>Adjustments</u>	<u>Pro Forma Rate Year</u>
<b><u>Retail</u></b>							
Residential	9,851,691	10,940,406	9,562,082	10,267,050	10,155,307		10,155,307
Commercial	4,538,279	5,244,331	4,624,608	4,675,809	4,770,757		4,770,757
Industrial	1,193,317	1,066,386	715,583	844,205	954,873		954,873
Sub-total Retail	<u>15,583,287</u>	<u>17,251,123</u>	<u>14,902,273</u>	<u>15,787,064</u>	<u>15,880,937</u>		<u>15,880,937</u>
<b><u>Wholesale</u></b>							
East Providence	2,639,225	2,446,455	2,445,707	2,346,770	2,469,539		2,469,539
East Smithfield	352,433	346,859	352,643	333,442	346,344		346,344
Greenville	397,660	451,908	442,520	445,396	434,371		434,371
Kent County	3,285,936	3,276,576	3,262,932	3,512,628	3,334,518		3,334,518
Smithfield	412,072	421,404	452,268	447,447	433,298		433,298
Warwick	4,456,791	4,828,433	4,938,345	4,372,840	4,649,102		4,649,102
Lincoln	1,011,350	1,041,247	1,037,210	1,047,007	1,034,204		1,034,204
Johnston	328,503	298,382	272,531	199,022	274,610		274,610
Bristol County (1)	<u>322,527</u>	<u>667,993</u>	<u>624,460</u>	<u>1,350,122</u>	<u>624,460</u>	543,930	<u>1,168,390</u>
Sub-total Wholesale	<u>13,206,497</u>	<u>13,779,257</u>	<u>13,828,616</u>	<u>14,054,674</u>	<u>13,600,446</u>		<u>14,144,376</u>
Grand Total	28,789,784	31,030,380	28,730,889	29,841,738	29,481,382	-	30,025,312

**Note:**

- (1) Four year average for Bristol County is equal to FY 2001 volume. Adjustment is based on excess purchases in January through June of 2002 versus January through June of 2001 to account for continued construction at Bristol County's water treatment plant.

PROVIDENCE WATER SUPPLY BOARD

Adjustment to Salaries & Wages  
to Reflect Rate Year Wage Levels  
Rate Year Ending December 31, 2003

Adjusted Test Year Wage Levels (1)	\$ 11,152,398
Contractual Wage Increase at 7/1/02 (1)	<u>1.04</u>
Annualized Wages after 7/1/02 Increase	\$ 11,598,494
Half Year Effect of 7/1/03 Increase (2)	<u>1.02</u>
Annualized Wages after 7/1/03 Increase	\$ 11,830,464
Amount per Company	<u>12,062,434</u>
Adjustment to Rate Year Expense	<u><u>\$ (231,970)</u></u>

Notes:

(1) Amount per Bonderevskis Schedule C.

(2) Reflects one half the annual effect of a 4% increase on 7/1/03.

PROVIDENCE WATER SUPPLY BOARD

Adjustment to Pension Expense  
to Reflect Projected Contribution  
Rate Year Ending December 31, 2003

Actuarially Recommended Contribution (1)	\$ 2,402,972
Proposed Contribution Percentage	<u>60.0%</u>
Division Proposed Contribution	\$ 1,441,783
Amount per Company (2)	<u>1,922,378</u>
Adjustment to Rate Year Expense	<u><u>\$ (480,595)</u></u>

Notes:

(1) Amount per Bonderevskis Schedule F-3.

(2) Amount per Bonderevskis Schedule F.

PROVIDENCE WATER SUPPLY BOARD

Adjustment to Other Employee Benefit Costs  
Rate Year Ending December 31, 2003

Test Year FICA Expense (1)	\$ 819,244	
Test Year 1/2% Wage Assignment Expense (1)	28,651	
Total Test Year Wage Related Benefits	<u>\$ 847,895</u>	
Wage Adjustment Factor (2)	1.0608	
Adjusted FICA and 1/2% Wage Assignment	\$ 899,447	
Amount Per Company (1)	<u>917,083</u>	
Adjustment to Rate Year Expense		<u><u>\$ (17,636)</u></u>
Corrected Rate Year Training Expense (3)	62,972	
Rate Year Training per PWSB Filing (1)	<u>71,968</u>	
Adjustment to Rate Year Expense		<u><u>\$ (8,996)</u></u>
Total Adjustment to Rate Year Expense		<u><u>\$ (26,632)</u></u>

Notes:

- (1) Amount per Bonderevskis Schedule F.
- (2) Reflects the effect of a 4% increase on 7/1/02 plus one-half the annual effect a 4% increase on 7/1/03.
- (3) Per response to DIV 1-14.

PROVIDENCE WATER SUPPLY BOARD

Adjustment to Wages and Benefits Expense  
to Reflect Engineering Expense Chargeable to IFR/CIP  
Rate Year Ending December 31, 2003

Wages IFR/CIP Engineers at FY 2001 Levels (1)	\$	133,455
Wage Adjustment Factor (2)		<u>1.06</u>
Annualized Wages after 7/1/02 Increase	\$	141,569
Fringe Benefit Factor		<u>1.45</u>
Rate Year Wages to be Charged to IFR/CIP	\$	<u><u>205,275</u></u>

Notes:

- (1) Amount per response to DIV 1-9 in Docket No. 3163
- (2) Reflects the effect of a 4% increase on 7/1/02 plus one-half the annual effect a 4% increase on 7/1/03.



PROVIDENCE WATER SUPPLY BOARD

Adjustment to Rate Case Expenses  
Rate Year Ending December 31, 2003

Projected Costs of Current Rate Proceeding (1)	\$ 60,000
Proposed Amortization Period	<u>2 Years</u>
Annual Rate Case Expense	\$ 30,000
Annual Expense Per PWSB (1)	<u>60,000</u>
Adjustment to Rate Year Expense	<u><u>\$ (30,000)</u></u>

Notes:

(1) Amount per Bonderevskis Schedule G.

PROVIDENCE WATER SUPPLY BOARD

Adjustment to Chemicals Expense  
to Reflect Normalized Quantities and Current Prices  
Rate Year Ending December 31, 2003

	Quantity Used			Unit Price (2)
	FY 2001 (1)	FY 2002 (2)	Average	
Ferric Sulfate (gallons)	528,183	478,165	503,174	\$ 0.704
Lime (tons)	1,638.22	1,511.77	1,575.00	\$ 127.66
Chlorine (tons)	123.96	118.49	121.23	\$ 370.00
Fluoride (tons)	154.53	151.29	152.91	\$ 928.80

Total Disposal Costs

Amount per PWSB Filing (3)

Adjustment to Rate Year Expense

Notes:

(1) Per Exhibit I, Table C accompanying the testimony of PWSB witness Jeanne Bondarevskis.

(2) Per response to Division 1-19.

(3) Per PWSB Rate Filing Schedule I.

ket No. 3446  
edule TSC-9

<u>Expense</u>
\$ 354,234
201,064
44,853
<u>142,023</u>
\$ 742,174
<u>850,979</u>
<u><u>\$ (108,805)</u></u>

Docket No. 3446  
Schedule TSC-10

PROVIDENCE WATER SUPPLY BOARD

Adjustment to Miscellaneous Water Treatment Expense  
To Normalize State License Fees  
Rate Year Ending December 31, 2003

State License Expense in Test Year (1)	\$ 50,000
Annual License Expense (1)	<u>25,000</u>
Adjustment to Rate Year Expense	<u><u>\$ (25,000)</u></u>

Notes:

(1) Per response to Division 1-19.

PROVIDENCE WATER SUPPLY BOARD

Adjustment to Computer Maintenance Expense  
To Normalize Oracle System Upgrade Costs  
Rate Year Ending December 31, 2003

Oracle System Upgrade Costs incurred in Test Year (1)	\$ 146,360
Frequency of Upgrades (1)	<u>3 Years</u>
Normalized Level of Upgrade Costs	\$ 48,787
Rate Year Expense per Company (2)	<u>146,360</u>
Adjustment to Rate Year Expense	<u><u>\$ (97,573)</u></u>

Notes:

- (1) Per response to follow-up to Division 1-19.
- (2) Per response to Division 1-19.

PROVIDENCE WATER SUPPLY BOARD

Adjustment to Property Tax Expense  
to Reflect Actual FY 2003 Tax Bills  
Rate Year Ending December 31, 2003

<u>Municipality</u>	Actual FY 2003 Property Tax Expense (1)	FY 2003 Amount per PWSB (2)	Adjustment to Rate Year Expense (3)
	(1)	(2)	(3)
Town of Scituate	\$ 4,311,250	\$ 4,311,250	\$ -
Town of Foster	315,703	315,703	-
City of Cranston	452,812	472,956	(20,144)
Town of North Providence	213,405	230,208	(16,803)
Town of Johnston	166,877	166,877	-
Glocester	31,109	41,903	(10,794)
Town of West Warwick	6,070	6,328	(258)
West Glocester Fire	989	520	469
Harmony Fire Department	69	43	26
Chepachet Fire District	55	55	-
City of Warwick	24	25	(1)
Total Property Taxes	\$ 5,498,363	\$ 5,545,868	\$ (47,505)
One-Half Year Increase (3)	72,578	154,175	(81,597)
Rate Year Expense	\$ 5,570,941	5,700,043	\$ (129,102)

Notes:

(1) Per response to Division 1-9. Amounts for West Glocester, Harmony and Chepachet Fire Departments/Districts are FY 2002 amounts because FY 2003 tax bills have not been received.

(2) Amount per Bonderevskis Schedule D.

(3) Increase in Column (1) based on one-half year increase of 1.32%

PROVIDENCE WATER SUPPLY BOARD

Analysis of Annual Percentage  
Increase in Property Taxes

<u>Municipality</u>	Actual FY 2001 Property Tax Expense (1)	Actual FY 2002 Property Tax Expense (1)	Actual FY 2003 Property Tax Expense (2)
Town of Scituate	3,261,814	4,205,173	\$ 4,311,250
Town of Foster	294,106	315,703	315,703
City of Cranston	455,417	440,152	452,812
Town of North Providence	206,129	213,154	213,405
Town of Johnston	57,697	158,168	166,877
Glocester	17,253	17,642	31,109
Town of West Warwick	6,642	6,012	6,070
West Glocester Fire	989	989	989
Harmony Fire Department	69	69	69
Chepachet Fire District	55	55	55
City of Warwick	23	24	24
Total Property Taxes	\$ 4,300,194	\$ 5,357,141	\$ 5,498,363
Less: Scituate Revaluation Increase		943,359	
Net Increase Excluding Revaluation	\$ 4,300,194	\$ 4,413,782	
Increase vs. Prior Year		<u>2.64%</u>	<u>2.64%</u>

Notes:

(1) Per response to Division 1-11.

(2) Per response to Division 1-9. Amounts for West Glocester, Harmony and Chepachet Fire Departments/Districts are FY 2002 amounts because FY 2003 tax bills have not been received.